

1940/78

NEW SOUTH WALES.
BUSINESS STATISTICS, 15TH AUGUST, 1940.

The seasonal outlook still causes concern. Internally business activity appears well maintained and money is turning over in record volume. Investment conditions show little change. The oversea trade position is not yet satisfactory. The building industry remains active, particularly in regard to residential building, though building society operations have decreased greatly. Transport services showed improved results in June, 1940.

C O N T E N T S.

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PART I. PRIMARY AND EXPORT INDUSTRIES.

SEASON. Light to moderate rain fell almost generally in the first few days of August bringing temporary relief to pastures and wheat lands. The best inland falls occurred in the drought-stricken Upper Hunter Valley. Further useful falls were received in the south and central western slopes and tablelands and the Riverina early this week. In all parts of the State, however, rainfall this year has been roughly only 30 per cent. of normal. Copious falls are needed urgently to salvage crops and promote pasturage for the spring and summer months.

EXPORT PRICES AND

EXTERNAL TRADE CONDITIONS. There have been no important new developments affecting Australian export prices. In notes of July 25 it was inferred that export of all canned fruits was assured, but negotiations are still proceeding for disposal of surpluses of canned fruits, other than peaches, pears and apricots. Shipping space is a major problem and no fresh fruit other than apples is likely to go to Britain in 1940-41. The principal market (Belgium) for barley has gone; Britain, Canada and New Zealand may take only 400,000 tons of sugar, compared with 700,000 tons in 1939-40, and disposal prospects for wheat are considered poor. Unless there is a marked change in the season rural production will probably decrease in 1940-41.

Index numbers (Commonwealth Bank) of export prices in Australian currency are now 82 per cent. of the 1927 average and about equal to the average for the prosperous years 1936 to 1938.

The external business background is dominated by two major factors - the course of the war, and the American re-armament programme. From press reports it appears that despite some losses, Britain retains her oversea supplies in volume, and industrial activity is still increasing. Official aid has been given to exporters, reducing the cost of war risk insurance. Taxation is now on a basis of nearly £1,500 m. a year. Small and large savers each are taking about £10m. of certificates and bonds a week, but critics doubt if taxation and savings at this level are enough to cut consumption sufficiently. The stock market has firmed a little latterly and after many weeks $3\frac{1}{2}\%$ war loan returned to par last week.

The United States defence programme is expected to lead in a few months to possibly a record level of business activity. This may have favourable effects upon disposal prospects for Empire war materials; plans to create a strategic reserve of wool have special significance for Australia under present conditions.

CURRENCY

RELATIONSHIPS. On August 13, 1940 the open market quotation of sterling against the dollar in New York was \$4 to the £stg. Thus in less than a month after the institution of complete exchange control, the free and official rates of exchange have practically converged. It is to be presumed that as longer dated contracts expire, the free market, already a small one, will virtually disappear.

America is still receiving gold in considerable volume and on Aug., 4, 1940 it was reported that gold stocks in the United States had reached \$20,531 m. There was an inflow of more than \$500 m. during July; much of it for earmark on British and Allied account, though in the long run it is probable that ownership will pass ultimately to the United States Treasury as war purchases require its sale for dollars to provide means of payment.

It is reported that the freezing order of the United States Treasury relating to assets of German-occupied countries still stands, and Mr. Morgenthau has stated that "until we know more of what is going to happen and more about the debt question, we will sit on these funds." Whatever the basis of justification it seems that America's principal object is to keep the funds from passing to German control.

/WOOL....

PART I. (continued.)

WOOL. First appraisements of the 1940-41 clip will begin in Sydney and Adelaide next Monday. It is anticipated that the shipment of wool abroad may be retarded this season and additional storage space is being provided in Sydney and Newcastle.

It is reported from London that the civilian wool ration for the next three months is so meagre that unless there is a significant increase in the export trade (for which full supplies are obtainable) mill activity in Bradford must decrease. Firms supplying Government orders are busy, but those working for civilian trade have closed for annual holidays. Exports of woollens to North and South America are described as "fairly substantial".

On Aug. 4 it was reported that the United States National Defence Advisory Commission was developing plans to create a strategic reserve of wool, including 250 m. lb. (about 800,000 bales) of Australian wool. It is doubted if purchases will be so great, but apparently there are good prospects of a heavy movement on that account, and also for current use as a result of the huge defence programme. Latterly American mill activity has been increasing; orders placed early in June will absorb about 150,000 bales and this has since been heavily supplemented. However wool values in America have moved very little and are about 10 per cent. above the pre-war level and 27 per cent. below the high point of Sept., 1939. The American clip in 1940 is estimated at 388.7 m. lb. (excluding 64m. lb. of fellmongered wool.) This is about the same quantity as in 1939. Stocks of wool in the United States on June 30, 1940 were 259 m. lb.

WHEAT. Futures quotations in Chicago during the first fortnight of August fluctuated within about a cent a bushel of the average in July (Sept. options, 75 cents). The latest forecast adds 32 m. bus. to the estimate of the United States 1940 wheat harvest, which is now winter wheat, 556 m. bus. and spring wheat, 205 m. bus. The condition of Canadian spring wheat was given as 87 per cent. on Aug. 1 compared with 92 per cent. of normal on July 1, 1940.

Reports indicate that Rumania (68m.b. ex Bessarabia?), Bulgaria (53 m.b.) and Yugoslavia (74 m.b.) may have small or no exportable surpluses. In Japan the crop (48 m.b.) now expected is about average though 13 m.b. less than the record of 1939.

On August 11 the Chairman of the Aust. Wheat Board reported that sales of 1939-40 wheat totalled 122 $\frac{1}{4}$ m. bus. Very little wheat or flour has been sold for export in recent weeks.

The second advance of 4d. a bus. to be paid Australian growers on August 16 will apply to the No. 3 (second grade wheat) as well as to the No. 2 pool.

The local market is quiet though occasional sales of wheat for export orders have been reported. The Board's prices (fixed on July 30, and applying to wheat for local consumption from Aug. 5) are, per bushel, ex trucks, Sydney, 4s. 2 $\frac{1}{4}$ d. for bagged wheat and 3s. 11 $\frac{1}{4}$ d. for silo wheat for local consumption and small export orders.

As from Aug. 5, 1940 the flour tax was increased 3s. a ton to £1 18s. 5d. a ton. The inclusive price of flour for local trade continues at £12 10s. a ton.

/TABLE.....

PART I. (Continued).

PRICES OF WHEAT IN NEW SOUTH WALES.

Bulk Wheat.	Season ended Nov.			July.		August 13, 1940.
	1931-35.	1937	1939	1939	1940	
Shillings and pence per bushel.						
Ex trucks, Sydney	2 9½	5 3	2 5	2 3½	4 0(b)	3 11¼(b)
Equivalent, ex farm at country siding (a)	2 2½	4 8	1 9½	1 8	(c)	(c)

(a) Exclusive of bounty. (b) Prices for sale for local consumption.

(c) Advances already made give farmers about 2s. 5d. (net) a bushel.

A further payment will accrue if the unsold wheat is sold satisfactorily.

BUTTER. Cold weather has nullified any benefit which might have accrued from recent light rain on parts of the Coast and the production of butter continues at a very low level. Butter from other States is being used to augment local supplies. Particulars of factory output in June and the year ended June, 1940 were given in B.S. 1940/8A of 6th inst.

The wholesale price of butter is 158s. 8d. per cwt. and unchanged since June 8, 1938.

Butter production is better maintained in other States and as a result the proportion of butter permitted to be marketed within the State in August, 1940 is 61 per cent. compared with 54 per cent. in Aug. 1939. There is however, less butter available for export from Australia than in August of any other year since 1934.

PROPORTION OF BUTTER MADE PERMITTED TO BE SOLD INTRASTATE, AUSTRALIA.

	1934	1935	1936	1937	1938	1939	1940
August. %	55	75	71	82	65	54	61

The increased proportion sold locally (at above export parity) and the higher price under the British contract has enabled pay to suppliers of cream to certain North Coast factories in July, 1940 to be fixed at 13½d. a lb. compared with 12½d. a lb. in July, 1939. Comparisons of prices to suppliers in recent months compared with corresponding months of earlier years are as follows, (Deferred pay for Jan.-June, 1940 is likely to be greater than usual):-

PAY TO SUPPLIERS OF CREAM TO CERTAIN NORTH COAST FACTORIES, N.S.W.

	Mar.	Apr.	May	June	July	Deferred Pay:
						Jan.-June.
Pence per lb. of commercial butter made.						
1934	7	8	9½	9½	9½	1½
1937	11	11½	12½	12½	13½	1
1938(a)	12½	13	13½	14½	14	1½
1939(a)	12½	12½	12	12½	12½	1.06
1940(a)	12½	12½	13	13½	13½	1½

(a) Cartage charges paid by factories (about 3d. a lb.)

Not yet available.

The Aust. Agricultural Council considers that dairy production may be increased substantially with good prospects of disposal of butter, cheese, condensed and powdered milk to the United Kingdom and to the Far East.

PART I. (Continued.)

Expansion of dairying is expected to be encouraged officially.

British margarine manufacturers will operate for the period of the war as one company (Marcom Ltd.). As agents for the Ministry of Food they will distribute under two brands - special at 9d. and standard at 5d. a lb. All margarine for household use will contain vitamins A and D. It is understood that the retail price of butter in the United Kingdom remains at 1s. 7d. a lb.

PRICES OF BUTTER - EXPORT AND LOCAL

	Average - Season ended June.				Aug. 10	
	1929-32	1933-36	1937-39	1939	1939	1940.
	Shillings (Australian) per cwt.					
	Export Parity	135	88	122	123	120
Local Sales	173	134	150	159	159	137(a) 159

(a) Agreed price for British purchase, 1940-41.

METALS. The British Ministry of Supply has not varied the fixed prices (per ton, English currency, duty paid delivered to buyer) for lead (£25) spelter (£25 15s.) and electrolytic copper (£62). The open market price of tin has declined a little during the past fortnight but at £stg. 264 a ton is still much higher than in previous years. Visible supplies have been increasing (from 25,632 tons in May to 32,530 tons in July). Statistics prepared by the International Tin Research and Development Council, now functioning in London, show a sharp increase in production, and in consumption of tin in Britain and the United States:-

	Period	1939 tons	1940 tons	Increase per cent.
Production - World	Jan.-May	55,700	83,100	49.2
Consumption - U.K.	Jan.-Apr.	6,680	9,695	45.1
U.S.A. [¶]	Jan.-May	25,075	41,384	65.0

[¶] Deliveries to U.S.A. consumers.

An increase of about 1d. an ounce during August has raised the open market price of silver to 1s. 11½d. (stg.) an oz., equalling the high level of the war period reached in the last quarter of 1939.

Particulars of the export parities of prices received in overseas markets in June, 1940 for certain Australian metals are appended. There was a material increase in the export value of zinc but the factors in this increase are not known. The price of tin was higher, reflecting the advance in price on the London market.

AVERAGE PRICE OF METALS (EXPORT PARITY, f.o.b.) - AUSTRALIA.

	Silver (Standard)	Lead (Electro- lytic).	Zinc (Electro- lytic).	Tin (Standard)	Copper (Electrolytic wire bars.)		
					oz.	ton	ton
					s. d.	£. s. d.	£. s. d.
er. -	1928	2. 2.8	19 11 7	26 5 8	219 7 5	68 6 2	
	1937	2. 1.0	27 9 3	29 1 6	292 16 5	73 10 8	
	1938	2. 0.1	17 12 11	19 12 10	228 11 10	55 15 2	
July, 1939	1. 9.1	16 19 1	19 14 6	273 3 3	59 17 8		
Jan., 1940	2. 2.2	19 7 7	21 6 9	276 8 9	60 12 6		
May,	"	2. 2.2	18 12 8	301 18 7	60 12 6		
June, "	2. 3.2	18 11 9	24 5 8	316 10 1	60 12 6		

PART II. FINANCE AND TRADE.

BANK CLEARINGS. Inter-bank clearings in Sydney in July, 1940 (£94.6m.) were greater in amount than in any month on record. The high level was due in part to payment of retention and deficiency money on the 1939-40 wool clip (£4.2m. in N.S.W.) and the turnover of money as a result of interest-free loans and gifts to the Commonwealth Government and purchases of war savings certificates (£2.2m. in all in N.S.W. during July). For the rest, the increase (£23.4m.) in comparison with July, 1939 may be attributed to military expenditure, expanding industry, higher prices, wages and employment, and rising incomes generally.

The index number of bank clearings for the three months ended July, 1940 was 116 (average 1926-30 = 100) and 18.4 per cent. higher than in July, 1939.

INTER-BANK CLEARINGS - SYDNEY.

	<u>Amount. (a).</u>		<u>Index Number (b).</u>
	<u>Month of</u>	<u>Seven Months</u>	
	<u>July</u>	<u>ended July.</u>	<u>May-July.</u>
	£m.	£m.	1926-30 = 100
1929	88.8	617.1	106
1937	75.0	542.2	97
1938	70.5	541.6	101
1939	71.2	526.7	98
1940	94.6	623.0	116

(a) Excluding Treasury bill transactions.

(b) The index is adjusted to eliminate the effects of bank amalgamations and special governmental transactions but not for changes in price levels.

STOCK EXCHANGE. During July, 1940 prices of ordinary company shares on the Sydney Stock Exchange rose gradually and at the end of the month average values had returned to those ruling early in June, or about half way back to the level prior to occupation of the Low Countries early in May, 1940. War developments are the strongest market factor but adverse seasonal conditions also have been an influence. Movements on the London Stock Exchange were somewhat similar. The market has weakened slightly in the last few days but without much movement in prices.

The index number of average value of ordinary company shares for July, 1940 was 151 (par value = 100) compared with 176 in July 1939 and 182 in January, 1940 (highest of the war period). From January to July 1940 decreases in value for shares in various kinds of enterprise ranged from 15 to 20 per cent. and were least for shares in public utility and in manufacturing and distributing companies; the latter alone showing an increase in value (5 points) in comparison with June, 1940. Trends of share values in Sydney were:-

INDEX OF VALUE OF ORDINARY COMPANY SHARES - SYDNEY STOCK EXCHANGE.
(Excluding Banks). Par Value = 100.

Average for Month	Shares in Companies engaged in -					Total 75 Companies.	34 Active Shares
	Manufacturing & Distributing.	Retail Trade.	Public Utilities.	Pastoral and Finance	Insurance.		
1929-Apr. (a)	179	180	129	174	224	174	173
1931-Sept., (b)	72	60	88	75	121	74	77
1937-Mar., (c)	214	204	181	169	281	190	200
1939-July	214	171	160	118	263	176	184
Aug.	213	168	156	118	264	174	182
1940-Jan.	229	174	152	132	270	182	195
-June	187	138	129	110	233	151	160
-July	192	138	128	105	225	151	162

(a) Pre-depression peak. (b) Lowest point. (c) Highest point.

/REAL....

PART II. (Continued.)

REAL ESTATE. Property transfers registered in July, 1940, amounting to £3,217,000 exceeded the value in any month since September, 1938 and the amount of mortgages registered was greatest of the war period. Houses, flat buildings and small shops are being keenly sought for investment purposes, and after decreasing by over 20 per cent. in the first seven months of the war, sales in the four months ended July increased slightly in comparison with the corresponding period of the preceding year.

	Sept. Qr.	Dec. Qr.	Mar. Qr.	June Qr.	July.
	Amount of Sales -	Monthly average - £mill.			
1938-39	3.41	2.86	2.84	2.65	2.92
1939-40	2.97	2.26	2.29	2.59	3.21

In the seven months ended July sales registered were 8 per cent. and the amount of mortgages 21 per cent. less in 1940 than in 1939 and 17 and 32 per cent. less, respectively than in 1938.

REAL ESTATE TRANSACTIONS - NEW SOUTH WALES.

Av. 1925-29(b)	Month of July.		Seven Months ended July.	
	Sales.	Mortgages (a)	Sales	Mortgages (a)
	£000	£000	£000	£000
1937	(4,619)	(4,042)	(32,333)	(28,294)
1938	4,692	2,550	21,621	13,532
1939	2,894	2,285	21,499	15,650
1940	2,919	1,950	19,377	13,402
	3,217	1,747	17,854	10,655

(a) Including normal renewal of mortgages in 1925-29. Renewals were rendered unnecessary in many cases by the Moratorium Act, 1930.

(b) Monthly and seven-months averages.

INTEREST RATES.

Mortgages. Average rates of interest on private first mortgages have returned to the level of a year ago after having risen appreciably in the latter half of 1939, but have moved little in the last three months. Comparisons for three-monthly periods ended in the months shown are:-

Private First Mortgages, N.S.W. 1939-40.	July. Dec. Jan. Apr. June. July.					
	Weighted average rate of interest % p.a.					
Rural mortgages	5.1	5.5	5.5	5.2	5.0	5.0
Urban "	5.6	5.8	5.8	5.7	5.6	5.6

In May-July, 1940 average rates of interest were higher by about $\frac{1}{4}\%$ for rural and $\frac{1}{2}\%$ for urban first mortgages than at their nadir in the middle months of 1935 but low relative to pre-depression years (7 to 8%).

AVERAGE RATES OF INTEREST ON PRIVATE FIRST MORTGAGES, N.S.W.

	Average - Calendar Year.						May-July.	
	1934	1935	1936	1937	1938	1939	1939	1940
	Weighted average rate of interest - per cent per annum.							
Rural Mortgages	5.1	4.8	4.9	5.0	5.0	5.2	5.1	5.0
Urban "	5.3	5.2	5.2	5.3	5.4	5.6	5.6	5.6

Government Securities. After minimum prices for Government securities were fixed on June 15, 1940 the average net redemption yield on bonds of five or more years approximated the maximum permitted for several weeks. The market has firmed slightly since late in July the average interest yield decreasing from £3 7s. 6d. on June 27 to £3. 6s. 9d.

/per cent.....

PART II. (Continued.)

per cent. on August 8. This is the same as the average for the month of May, 1940 which was the lowest of any month for several years. The question of the minimum appropriate rate of interest for war borrowing has evoked the interest of financial circles, but there is as yet no official indication as to whether the Government will seek for future loans a basis lower than that of the £20m. loan of May-June last.

NET REDEMPTION YIELD ON AUSTRALIAN CONSOLIDATED LOANS.

	WITH MATURITIES OF -			
	Over 5 to 10 years.	Over 10 to 15 years	Over 15 Years.	Over 5 Years. (Overall rate).
	Average net redemption yield - per cent. per ann.			
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
Average - 1935	3 9 7	3 10 1	3 13 9	3 11 1
- 1938	3 14 5	3 15 0	3 15 10	3 15 0
- Jan.-June, 1939	3 17 9	3 18 4	3 18 4	3 18 1
- Sept., 1939.	4 1 0	4 1 1	4 1 9	4 1 3
- May, 1940	3 5 1	3 6 5	3 8 11	3 6 9
- June, "	3 5 8	3 8 1	3 8 6	3 7 4
- July, "	3 5 9	3 7 9	3 8 8	3 7 2
August 8, 1940	3 5 6	3 7 2	3 8 0	3 6 9

OVERSEA TRADE,

AUSTRALIA. Toward the close of the last financial year imports showed a tendency to moderate, but in July, 1940 the value (£stg. 12.62m.) was, with one exception (Feb., 1940) the highest recorded for any month for many years. Higher prices are certainly a factor. It is probable, too, that equipment and material for war industries and imports to build up stocks of essential materials contributed to the increase. Details to show whether restrictions on unessential imports (affecting imports valued at £19m. in all) from non-sterling countries have yet become fully effective are lacking.

Exports in July (£stg. 9.22m.) were 40 per cent. greater in value than in July, 1939 and also a record for the month - partly due to delayed movement consequent upon shipping difficulties.

In July imports exceeded exports of merchandise by £stg. 2.27 m. in 1939 and by £stg. 3.40m. in 1940.

OVERSEA TRADE - AUSTRALIA - MERCHANDISE ONLY.

	Month of July.					Year ending June.	
	1936	1937	1938	1939	1940 ^b	1939	1940 ^b
	Value in £stg. million.						
Merchandise -							
Exports	5.28	8.49	6.84	6.58	9.22	97.03	116.24
Imports	8.37	8.80	8.60	8.85	12.62	99.31	115.71
Commodity Balance	-3.08	- .31	-1.76	-2.27	-3.40	-2.28	.53

^b Subject to revision. Minus sign (-) denotes excess of imports.

PART III. INDUSTRIES.

BUILDING PERMITS - RURAL AND INDUSTRIAL TOWNS, N.S.W.

(Note:- Building permits exclude Government buildings).

In these towns private building is 20-25% below the value in 1938-39, but recently shows no clear general trend. There was much government building (camps, etc.) in 1939-40. Building continued active in industrial centres, but in general the building of houses and shops has decreased.

The number of dwellings proposed varied little in recent quarters, but was 20% and 25% less than one and two years ago, partly due to diminished activity of building societies.

Permits to erect private buildings in 129 rural and industrial towns in N.S.W. granted in June Qrs., 1940 (£1,015,000) were a little above the value in each of the preceding two quarters, but considerably less than in June Qrs., 1937 to 1939. Particulars (appended) show decreases in the years ended June 1939 and 1940, but do not reveal a definite current trend in private building activity in these towns:-

VALUE OF BUILDING PERMITS GRANTED - RURAL & INDUSTRIAL TOWNS.

	<u>March Qr.</u> £000	<u>June Qr.</u> £000	<u>Sept. Qr.</u> £000	<u>Dec. Qr.</u> £000	<u>Year ended June.</u> £000
1936	917	987	1133	979	3,743
1937	1010	1221	1230	1134	4,343
1938	1461	1256	1378	1184	5,081
1939	1166	1126	1067	902	4,854
1940	922	1015	-	-	3,906

The building of military camps, etc. has, to a great extent, offset the decrease in private building; contracts accepted for defence, and other Commonwealth and State buildings in N.S.W. outside the metropolis totalled £1,150,000 and £387,000, respectively, in the year ended June, 1940.

In industrial centres outside the metropolis, particularly in Newcastle, a relatively high level of private building activity has been maintained, but since the outbreak of war permits in rural towns have been decreasing. The value of permits granted was distributed as follows:-

<u>Quarter ended</u>	<u>Newcastle</u>	<u>Wollongong, Central and North Illawarra.</u>	<u>Broken Hill.</u>	<u>Six Towns near Sydney</u>	<u>Other Country Towns.</u>	<u>Total 129 Towns.</u>
	£000	£000	£000	£000	£000	£000
March, 1939	244	206	30	70	616	1166
June "	222	84	36	87	697	1126
Sept. "	235	121	36	106	569	1067
Dec. "	153	120	57	58	514	902
March, 1940	206	110	21	65	520	922
June, "	289	124	48	58	496	1015

Comparing June Qrs. of this and last year, amounts decreased appreciably for houses and shops. Last quarter's total for "other" buildings was the highest of any recent quarter. With that exception particulars for the last three quarters show a degree of similarity:-

/Quarter....

PART III. (Continued.)

<u>Quarter ended -</u>	<u>Houses</u>	<u>Flats (a)</u>	<u>Hotels etc.</u>	<u>Shops (b)</u>	<u>Factories (c)</u>	<u>Other Buildings</u>	<u>Total</u>
Value (£1,000) of Proposed Buildings.							
June, 1938	753	19	103	118	64	199	1256
" 1939	688	25	90	113	33	177	1126
Sept., "	738	30	89	91	24	95	1067
Dec., "	579	18	92	62	33	118	902
Mar., 1940	568	16	54	89	70	125	922
June, "	582	29	81	69	39	215	1015

Includes (a) conversions to flats (b) shops with dwellings and (c) public garages.

Building activity outside the metropolis has decreased considerably since 1938 and in the six months ended June, 1940 amounts for each kind of private building were less than in the corresponding half year of 1937 or 1938, and of 1939 except in respect of factories and "other" buildings (churches, theatres, offices, etc.). The course of private building enterprise in these towns and percentage decreases in value of permits for each type of building in 1940 compared with two years ago are indicated in the following table:-

BUILDING PERMITS GRANTED - RURAL AND INDUSTRIAL TOWNS, N.S.W.

Type of Building.	Value of Building Permits Granted					Decrease, per cent,
	Half-year		ended		June.	
	1936	1937	1938	1939	1940	1938 to 1940.
Dwelling Houses	1214	1174	1479	1368	1149	22.3
Flats - New and Converted	33	54	51	100	45	11.8
Hotels, Guest Houses &c.	6	293	306	221	135	55.9
Shops & Shops with Dwellings	306	210	217	217	158	17.2
Factories & Public Garages	45	133	299	102	109	63.5
Other Buildings [#]	306	367	365	284	341	6.6
Total	1904	2231	2717	2292	1937	28.7

Included with dwelling houses. [#] Churches, theatres, offices etc.

Factory building in industrial areas outside the metropolis is at a relatively high level - the comparison shown above is distorted in this respect by the incidence in 1938 of heavy capital expenditure on the big iron and steel works at Port Kembla and Newcastle.

DWELLINGS. The number of net additional dwellings proposed in these 129 towns has varied little in the last three quarters - 827, 847 and 839, successively - but in the six months ended June 1940 the number (1,686) had decreased by about 25 and 20 per cent. in comparison with the corresponding half-years of 1938 and 1939, respectively. A factor in the decline in house-building is the inability, for lack of new finance, of building societies to continue operations on the scale reached in 1938-39. Advances made by country co-operative building societies were:-

<u>Year</u>	<u>1939</u>					<u>1940</u>	
	<u>Mar. 1938</u>	<u>Mar. Qr.</u>	<u>June Qr.</u>	<u>Sept. Qr.</u>	<u>Dec. Qr.</u>	<u>Mar. Qr.</u>	<u>June Qr.</u>
£000	1,309	244	269	246	199	144	148

PART III. (Continued.)

Particulars of the numbers of dwellings of various kinds included in permits granted in rural and industrial towns are:-

DWELLINGS INCLUDED IN BUILDING PERMITS -

129 TOWNS, N.S.W.

Period	Houses		Flats	Converted to Flats.	Hotels Guest Houses	With Shops	Demolitions etc.	Net Total Additional Dwellings.
	Brick &c.	Wood, Fibro						
Year ended June-			Number	of	Dwellings			
1937	831	3048	145	73	6	115	193	4,019
1938	811	3390	124	60	34	107	143	4,383
1939	729	3585	212	106	16	89	243	4,494
1940	624	2866	98	131	13	83	176	3,639
Jan.-June-								
1938	394	1763	61	22	19	60	80	2,239
1939	325	1700	105	47	10	44	119	2,112
1940	283	1301	49	73	6	52	78	1,686
June Qr.								
1939	178	832	27	22	4	29	73	1,019
1940	133	658	39	26	4	17	38	839

§ Included with brick houses.

BUILDING PERMITS - NEW SOUTH WALES.

Permits granted in reporting urban and semi-urban areas (including about 73 per cent. of the population of the State) were valued in June Qr., 1940 at £4,298,000. This was an increase of about 22½ per cent. above the aggregate for March Qr., 1940 but still almost 20 per cent. below the quarterly average in 1937-38 or 1938-39. Values by quarters were:-

	March	June	Sept.	Dec.	Year ended
	Qr.	Qr.	Qr.	Qr.	June.
	£000	£000	£000	£000	£000
1937	3,079	4,363	4,585	4,630	15,166
1938	4,817	5,170	5,739	4,646	19,202
1939	4,254	4,647	4,894	3,786	19,286
1940	3,511	4,298			16,489

The total for the year ended June, 1940 was thus £2,797,000 less than in 1938-39, but the construction of military camps, etc. partly offset the fall in private building activity. Contracts were accepted in New South Wales for defence (£1,464,000) and other government buildings (£1,126,000) of a total value of £2,590,000 during 1939-40.

From March to June Qr., 1940 an increase occurred in each section (shown below). Half-yearly comparisons (see table) show that the decrease in private building activity over the past two years has been most marked in the City of Sydney. There were decreases in value of 29 per cent. in the 129 country towns, and of about 10 per cent. in the suburbs of Sydney, while in the seven semi-urban shires there has been an increase contrary to the general trend. Owing to increased costs of building, the decline in the volume of private building activity is somewhat greater than the appended comparisons of value suggest. Under

/present.....

PART III. (Continued.)

present conditions it is not possible to assess future building prospects. However, lending by building societies, which was an influential factor in the high level of activity of one or two years ago, seems unlikely to be resumed on a substantial scale. After a time, too, there may be a diminution in the erection of military buildings.

VALUE OF BUILDING PERMITS GRANTED - NEW SOUTH WALES.

(As far as Recorded - Excludes Government Buildings).

Period.	City of Sydney.	Suburbs of Sydney.	129 Rural and Industrial Towns.	7 Semi-urban Shires.	Total of Fore-going.
	£000	£000	£000	£000	£000
<u>Year ended June:</u>					
1935	1,774	5,856	2,677	513	10,820
1936	2,339	7,046	3,743	593	13,721
1937	2,156	8,018	4,343	649	15,166
1938	2,859	10,260	5,081	1,002	19,202
1939	2,798	10,535	4,854	1,099	19,286
1940	1,516	9,921	3,906	1,146	16,489
<u>Half-year ended:</u>					
June, 1937	1,153	3,783	2,231	275	7,442
" 1938	1,468	5,327	2,717	475	9,987
" 1939	857	5,229	2,292	524	8,902
Dec., "	1,029	5,105	1,969	577	8,680
June, 1940	487	4,816	1,937	569	7,809
March Qtr., 1940	225	2,099	922	265	3,511
June Qtr., 1940	262	2,717	1,015	304	4,298

BUILDING INDUSTRY.

BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

(Includes all buildings (Gov't. and private) for which water fees were paid in the periods shown.)

A record value (£1,438,000) of buildings was undertaken in July, 1940, continuing the revival of recent months. The value of houses begun was a record and flat building was also considerable. Miscellaneous buildings have increased, but this year private business premises show a substantial decrease.

The number of houses commenced rose sharply in July, and in Jan.-July (4,203) was only 2.2% less than a year earlier.

Buildings commenced in this area in July, 1940 were of the record value of £1,438,000, and £426,000 above the total in July, 1939. In the total there were few large projects - a wool store (£80,000) Air Force building (£82,000) and a military hospital (£35,000). There has been no significant revival of building in the city though the amount in July increased from £89,000 in 1939 to £113,000 in 1940. City and suburban totals for the seven months ended July are given at the foot of the main table.

After substantial contraction in the first seven months of the war period, the value of building work undertaken during the past four months has exceeded that in any four-months period of post-depression years. Military contracts have contributed to recent activity. Private building has been increasing also. Conditions are not such as

/to justify.....

PART III. (Continued.)

to justify any conclusion as to the future course of building activity, though latterly building permits in the metropolis have also tended to revive. Particulars illustrating the trend are:-

	<u>Sept.</u> <u>Qr.</u>	<u>Dec.</u> <u>Qr.</u>	<u>Mar.</u> <u>Qr.</u>	<u>Apr.</u>	<u>May.</u>	<u>June</u>	<u>July</u>
	Average per Month.					Monthly Totals	
	£000	£000	£000	£000	£000	£000	£000
1937 and 1938	1117	1050	1020	1057	1186	1005	1297
1938 and 1939	1203	874	1025	994	1220	1055	1012
1939 and 1940	1011	843	1018	1187	1309	917	1438

In July, 1940 the value for dwelling houses was a record. Flats exceeded the value in any month of the war period and there were increases under each heading compared with July, 1939.

Details of value in the seven months ended July according to the class of building are shown comparatively below. The exceptionally large total for "miscellaneous" buildings is explained by inclusion of military camps etc. in that class, as well as nearly £300,000 for hospital buildings. The record level for houses, an increase in value for flats compared with last year, and a material decrease for business premises (if the G.P.O. extension is excluded) are other features.

VALUE OF BUILDINGS COMMENCED - METROPOLITAN WATER BOARD AREA.

Including new buildings, additions, etc. and Government Buildings.

Type of Building.	July.		Seven Months ended			July.	
	1939	1940	1936	1937	1938	1939	1940
			Value in Thousands of Pounds.				
Dwelling Houses	542	684	2247	2139	3439	3447	3589
Flats	203	236	1091	990	1610	1184	1372
Business Premises (a)	252	260	1659	2357	2168	2112	1917(c)
Miscellaneous (b)	15	258	356	518	389	614	1026
Total	1012	1438	5353	6004	7606	7357	7904
City Buildings	89	113	1198	1642	1265	1379	1161
Suburban Buildings	923	1325	4155	4362	6341	5978	6743

(a) Shops, offices, factories, etc. (b) Theatres, churches, schools, etc.

(c) Including G.P.O. extension, £411,000.

DWELLINGS. The number of individual dwelling houses commenced in this area in July, 1940 was 743 rising sharply from 568 in June and an average of 577 in the first six months of the year. The seven months total (4,203) was only 2.2 per cent. less than in Jan.-July, 1939 and was above the average for any other post-depression year. The course of house-building in this area is illustrated below:-

NUMBER OF DWELLING-HOUSES COMMENCED - METROPOLITAN WATER BOARD AREA.
(Not including Flats).

	July	Mar. Qr.	June Qr.	Sept. Qr.	Dec. Qr.	Year ended July
1936	475	1273	1251	1668	1195	4,797
1937	478	1152	1212	1618	1592	5,230
1938	706	1627	1857	2120	1853	6,916
1939	652	1859	1785	2034	1663	7,569
1940	743	1740	1720	-	-	7,248

PART III. (Continued.)

BUILDING SOCIETIES, N.S.W. At June 30, 1940 there were 171 co-operative terminating building societies registered in New South Wales with 19,493 members holding 253,747 shares. All except two societies had allotted shares and all except 5 and 6, respectively had approved loans and made advances to members. Increases during the year ended June, 1940 of only 706 (3½%) in membership and 15,245 (6.4%) in the number of shares allotted indicate how little development has been possible owing to the inability of prospective societies to obtain money for subsequent advances to members. Particulars of growth and of amounts advanced by quarters are as follows:-

CO-OPERATIVE TERMINATING BUILDING SOCIETIES, N.S.W.

	Metropolitan			Country			All Societies.		
	Mem- bers	Shares	Adv- ances made.	Mem- bers	Shares	Adv- ances made.	Mem- bers	Shares	Adv- ances made.
Dec. 31, 1938	No. 12093	£000 156.6	4218	No. 5708	£000 60.6	1308	No. 17801	£000 217.2	£000 5526
Qtr., 1939	650	10.9	764	167	4.0	244	817	14.9	1008
ie " "	623	10.0	622	-454	3.7	269	169	6.3	891
ot. "	8	5.1	700	159	1.6	247	167	6.7	947
C. "	125	2.2	578	174	1.5	199	299	3.7	777
" 1940	58	1.0	467	51	1.0	144	109	2.0	611
ne "	122	2.5	370	9	.4	148	131	2.9	518
June 30, 1940	13679	188.3	7719	5814	65.4	2559	19493	253.7	10278

* Basis changed to include only societies assured of finance.

About 77 per cent. of the members have had loans approved, and advances made to June 30, 1940 represent 94 per cent. of the total approved for loan. The influence of co-operative building societies in promoting house-building has diminished. In a few cases accommodation has been promised to enable formation of societies to overcome housing shortages caused by industrial expansion in some industrial towns, but it seems likely, in view of measures taken to conserve all available resources for the war effort, that relatively little money will become available for societies in general.

Particulars of loans approved and advances made to June 30, 1940 are shown below:-

CO-OPERATIVE TERMINATING BUILDING SOCIETIES, N.S.W.
Operations to 30th June, 1940.

Purpose of Loans.	Loans Approved.		Advances Made.	
	Number.	Amount. £000	Number.	Amount. £000
to build new homes	8,333	6,207	7,875	5,702
to buy existing homes	5,386	3,997	5,238	3,875
to discharge mortgages on homes	1,322	869	1,305	855
to add to or alter homes	267	62	261	61
or other purposes	29	22	29	21
Totals	15,337	11,157	14,708	10,514
Less Loans Discharged	277	236	277	236
Net Totals	15,060	10,921	14,431	10,278

* Mostly newly erected houses.

PART III. (Continued.)

RAILWAYS. There was heavy traffic when normal services were resumed after the coal strike and gross railway revenue in June was a record for the month. Financially the month's operations resulted in an improvement of £208,000, passenger journeys increased by 4.4 per cent. and goods ton mileage by 14.8 per cent. in comparison with June, 1939.

Despite the setback in April-May, 1940 the working surplus for the year ended June (£5,308,000) was £704,000 greater than in 1938-39. The increase of 10 per cent. in fares and certain freight rates from March 1, 1939 was the leading factor in this increase but there was also an increase in goods haulage. Passengers carried were 5.4 per cent. less in number than in 1937-38 due to diversion caused by higher fares.

In the coming year a probable reduction in the quantity of primary products for transport may be offset by an increased weight of materials and equipment to be moved for war purposes.

NEW SOUTH WALES GOVERNMENT RAILWAYS.

Month of June.			Year ended June.		
Passenger Journeys.	Goods Ton Mileage	Working Surplus £	Passenger Journeys.	Goods Ton Mileage	Working Surplus £
million.	million.	£000.	million.	million.	£000.
1932	11.1	90	-217	128.4	1,472
1937	14.6	150	-138	177.8	1,810
1938	15.7	157	-237	189.3	1,938
1939	14.8	158	-229	186.7	1,842
1940	15.5	181	- 21	179.1	1,914

⁶ Excess of earnings over working expenses, exclusive of interest, etc. charges, amounting in 1938-39 to £6,575,000.

ROAD TRANSPORT SERVICES.

With tram and bus fares unaltered and earning capacity related to population increasing very gradually, Government road transport services have been unable to fully offset increased working costs due to higher wages and dearer materials. Yet financial results in June, 1940 and the year ended June were better than in that month and year of 1937-38. This was due to greater efficiency in operation, replacement of trams by buses on some routes, and for the financial year, a small increase in the number of passengers carried (1.8% compared with 1937-38). Many men normally using these services will be on military duties, but this may be countered by the infiltration of new labour and the rising trend of activity in war industries.

Comparative particulars are as follows:-

GOVERNMENT TRAMWAY AND OMNIBUS SERVICES - SYDNEY AND NEWCASTLE.

Month of June				Year ended June.			
Earnings	Working Expenses	Working Surplus £	Passengers.	Earnings	Working Expenses	Working Surplus £	Passengers.
£000	£000	£000	mill.	£000	£000	£000	mill.
1938	341.7	320.0	21.7	29.6	4,295	3,559	736
1939	352.1	313.7	38.4	30.9	4,374	3,707	667
1940	357.9	333.2	24.7	29.5	4,468	3,768	700

⁶ Excess of earnings over working expenses, exclusive of interest, sinking fund, depreciation and exchange, amounting in 1938-39 to £646,000.